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IN THE  
**SUPREME COURT OF THE UNITED STATES.**

No. **174** .....

October Term, 1940.

UNITED DRUG COMPANY,  
Defendant-Petitioner,  
v.

OBEAR-NESTER GLASS COMPANY,  
Plaintiff-Respondent.

**PETITION FOR WRIT OF CERTIORARI**  
and  
**BRIEF IN SUPPORT THEREOF.**

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UNITED DRUG COMPANY,  
Defendant-**Petitioner**,

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Plaintiff-**Respondent**.

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**PETITION FOR WRIT OF CERTIORARI.**

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TO THE HONORABLE, THE CHIEF JUSTICE AND  
ASSOCIATE JUSTICES OF THE SUPREME COURT  
OF THE UNITED STATES:

Your petitioner, United Drug Company, prays for a writ  
of certiorari to the United States Circuit Court of Appeals  
for the Eighth Circuit, to review

- 1) the decision of May 13, 1940 of that Court (R. pp. 108-  
113, and reported in ... F. (2d) ... and 45 U. S. P. Q.  
510) and

- 2) the judgment of that Court entered May 13, 1940 (R. 113),

holding respondent's registered trade-mark REX infringed by petitioner's sales of prescription bottles bearing the imprint **The Rexall Store, solely to the Rexall Stores, whose name they bear**; without an iota of evidence that any confusion has ever resulted or ever will result, and exactly contrary to the only evidence on the subject;

which decision and judgment of said Circuit Court of Appeals in the case at bar are:

- 1) in direct conflict with the decision of this

Court in **Hanover Star Milling Company v. Metcalf**, 240 U. S. 403; and

- 2) in direct conflict with the decision of this

Court in **United Drug Co. v. Theodore Rectanus Co.**, 248 U. S. 90; and

- 3) in direct conflict with the decision of this

Court in **Prestonettes, Inc. v. Coty**, 264 U. S. 359;

all of which decide and determine the precise point of law involved in the case at bar; said decisions holding that a person's inherent right to carry on business cannot be abridged or enjoined on the ground of trade-mark infringement in the absence of confusion in trade.

This petition is accompanied by a certified transcript of the record in the case at bar, including the proceedings in the Court to which the writ is asked to be directed (Rule 38(1) of this Court); together with ten copies of the record (Rule 38 (7) of this Court).

Notice of the filing of this petition, together with a copy of this petition, printed record and supporting brief, are being served by the petitioner on counsel for the respondent, and due proof of service is being filed with the Clerk of this Court (Rule 38(3) of this Court).

## SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED.

Plaintiff-respondent, Obear-Nester Glass Company, sued defendant-petitioner in the present proceeding alleging infringement of respondent's registered trade-mark REX (R. 3, offered at R. 2, paragraph 3) for prescription bottles, by the sale by petitioner of empty prescription bottles imprinted **The Rexall Store** (R. 7, decree section 2).

Petitioner's sales were **solely** to the so-called **Rexall Stores** (R. 7, decree section 2, first sentence).

Petitioner manufactures products for sale by drug stores known as **Rexall Stores**. The number of **Rexall Stores** has grown from some forty in 1903 to more than thirteen thousand in 1937 (R. 13-14, paragraph 18).

At present, **Rexall Stores** are located in all forty-eight states of the United States, and the District of Columbia, and many foreign countries (R. 14, paragraph 19).

Of the more than thirteen thousand **Rexall Stores**, about ninety-five percent. are not owned by petitioner, but petitioner maintains contractual relations with the individual owners, under two types of contracts, reproduced at R. 15 and 17.\*

In general, the above forms of contract, with various modifications have been in use by the petitioner or its predecessors and the thousands of **Rexall Stores** since the founding of the original United Drug Company, petitioner's predecessor, in 1902 (R. 18, lines 1-4).

Petitioner owns many registrations of its trade-mark **The Rexall Store** (R. 18, paragraph 20; and see the registrations at R. 65-87).

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\*R. 13, paragraph 18, tabulates the Liggett Stores and Owl Stores, totaling some five hundred and seventy-nine, owned and operated by subsidiary corporations of petitioner. None of the rest of the more than thirteen thousand *Rexall Stores* are owned by petitioner (R. 13, paragraph 18, lines 5-6).

Petitioner also owns many registrations of trade-marks REX and REXALL (R. 18, paragraph 21, and see the registrations at R. 19-63).

Petitioner has always advertised **The Rexall Stores** by using the phrase **The Rexall Stores** or variations and equivalents thereof, on products sold by petitioner to **Rexall Stores** for retailing by **Rexall Stores** (R. 89, paragraph 23, and the collection of cartons and labels, Dft. Exh. 4 and 5, there mentioned, said exhibits being transmitted as physical exhibits pursuant to the Court order at R. 106).

Petitioner's defense is based upon the decisions of this Court in the Hanover, Rectanus and Coty cases, supra, each of which holds that for trade-mark infringement there must be proof in the record that a purchaser who buys goods carrying the accused mark

- 1) believes them to be the goods of the other party to the suit; or
- 2) that there is likely to be such belief;

both of which essentials are admittedly lacking in the proof at bar.

There is not in the present record even a vestige of any proof that any purchaser bought petitioner's goods believing them to be respondent's, or that there is any likelihood of such confusion; though this Court has held in the Hanover, Rectanus and Coty decisions that such proof is requisite.

In the case at bar, not only is there an utter absence of proof that any purchaser is likely to buy petitioner's goods because he thinks they are respondent's goods, but respondent's vice-president specifically admitted\* that the accused phrase **The Rexall Store** on petitioner's bottles

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\*R. 93, paragraph 34.



means that the bottles are to contain something sold by a **Rexall Store**. In other words, the only evidence on the issue of confusion is this admission by respondent's vice-president that the petitioner's marking means just what it says and just what it is intended to mean, namely, that the bottle is intended to contain something sold by the only stores to whom petitioner sells such bottles, namely, **Rexall Stores**.

The Circuit Court of Appeals in the case at bar completely ignored the essential requirement established by this Court in the Hanover, Rectanus and Coty cases, and in effect held that the petitioner was guilty of trade-mark infringement in selling **The Rexall Store** bottles solely to **Rexall Stores**, even though there was no confusion in the mind of any purchaser, and although it was perfectly obvious to all purchasers (**Rexall Stores** only) to whom the petitioner sold such bottles, that such purchasers were getting goods bearing petitioner's trade-mark **The Rexall Store** as a designation of the **contents** which the bottles would contain when in due course sold at retail.

### JURISDICTION.

The jurisdiction of this Court to grant the writ of certiorari to review the decision and judgment is given by the following statutes:

1) This suit was instituted under U. S. Code, Title 15, Section 96 (R. 2, paragraph 3).

2) U. S. Code, Title 15, Section 98, provides for granting of writs of certiorari by this Court for review of such suits, in the same manner as provided by U. S. Code, Title 28, Section 347.

The relevant portions of said statutes are quoted in the annexed brief at pages 13 and 14.

## **THE QUESTIONS PRESENTED.**

### **A Fundamental Question of Law in the Case at Bar.**

One of the questions of law in the case at bar, just as in the Hanover, Rectanus and Coty cases, *supra*, is whether a trade-mark owner can have a monopoly preventing sales of goods where the record shows that no confusion whatever exists or is likely to arise.

### **This Court's Previous Decisions Are on Law the Same As Is Presented by the Case at Bar.**

This Court in the recent Hanover, Rectanus and Coty cases, *supra*, held that a trade-mark owner could **not** thus throttle legitimate competition in the absence of proof that the competition was causing purchasers of the accused goods to believe they were buying the goods of said owner.

The record at bar contains no such proof, though the petitioner has sold the accused bottles since 1931. R. 6, paragraph 10.

Respondent's scheme and attempt to so monopolize the sale of **The Rexall Store** prescription bottles without a vestige of proof of confusion, and in the face of its own vice-president's admission\* that the accused marking means something utterly foreign to respondent, is illegal under the rule of this Court in said recent Hanover, Rectanus and Coty cases, *supra*.

### **The Decisions of this Court in the Hanover, Rectanus and Coty Cases.**

These are quoted and discussed at length in the annexed brief at pages 18-22, to which we respectfully refer the Court, in the interest of brevity.

Notwithstanding the above clear law, the decision

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\*R. 93, paragraph 34.

(C. C. A. 8) at bar enjoins petitioner from selling bottles bearing the imprint **The Rexall Store**, sold solely to **Rexall Stores**, without an iota of evidence that any purchaser ever thought he was buying respondent's goods instead of petitioner's.

### **REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT OF CERTIORARI.**

The discretionary power of this Court is invoked on the following grounds, in accordance with Rule 38 (5b) of this Court:—

1. The Circuit Court of Appeals for the Eighth Circuit has rendered an erroneous decision in the case at bar, in direct conflict with the decisions of this Court in the Hanover, Rectanus and Coty cases, *supra*, on the same matter, namely, that a trade-mark owner has no right to prevent competition in the absence of confusion on the part of purchasers.

3. The Court of Appeals for the Eighth Circuit has decided an important federal question, namely, an important point of law relating to registered\* trade-marks, in a way which is untenable and in conflict with applicable decisions of this Court in the Hanover, Rectanus and Coty cases discussed above;

said important federal question being whether a trade-mark registrant may stifle and enjoin competition which the record shows does not bring about any confusion in any sense.

The matter here involved has been considered, in the

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\*Federal trade-mark registrations, such as the one at bar, are solely creations of federal statutory law, U. S. Code, Title 15, Sections 81 et al., pursuant to Article I, Section 8 of the United States Constitution.

applicable decisions, from several angles, all leading to the same result or conclusion:

- 1) a trade-mark is to protect the good will of a business.
- 2) registration of a trade-mark confers no substantive right.
- 3) infringement of a registered trade-mark is an infringement upon the good-will of a business, by causing purchasers to believe they are buying the registrant's goods when in fact they are buying the infringer's goods.
- 4) Admittedly no such infringement exists here, and yet petitioner has been held guilty, in direct conflict with this Court's decisions in the Hanover, Rectanus and Coty cases.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued under the seal of this Court, directed to the United States Circuit Court of Appeals for the Eighth Circuit, sitting at St. Louis, Mo., commanding said Court to certify and send to this Court, on a date to be designated, a full and complete transcript of the record and all proceedings of the Circuit Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this Court, and that the judgment of the Circuit Court of Appeals for the Eighth Circuit may be reversed, and that your petitioner may be granted such other and further relief as may seem proper.

UNITED DRUG COMPANY,

By WILLIAM F. DAVIS, JR.,  
DELOS G. HAYNES,  
Counsel for Petitioner.

The undersigned hereby certify that the foregoing petition is in their opinion well-founded, and that the case is one in which petitioner's prayer should be granted by this Court.

WILLIAM F. DAVIS, JR.,  
DELOS G. HAYNES,  
Counsel for Petitioner.



**SUBJECT INDEX OF BRIEF.**

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UNITED DRUG COMPANY,  
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Plaintiff-Respondent.

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**BRIEF FOR PETITIONER IN SUPPORT OF  
PETITION FOR WRIT OF CERTIORARI.**

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TO THE HONORABLE, THE CHIEF JUSTICE AND  
ASSOCIATE JUSTICES OF THE SUPREME  
COURT OF THE UNITED STATES:

**OPINIONS OF THE COURTS BELOW.**

The opinion of the Circuit Court of Appeals for the Eighth Circuit on the appeal in the case at bar, is reported at ... F. (2d) ..., and 45 U. S. P. Q. 510, and appears also at R. 108-113.

The District Court filed no opinion. Said Court merely adopted the findings of fact and conclusions of law as proposed by respondent. See R. 5, paragraph 6. Said findings and conclusions appear at R. 5-7, and are apparently unreported.

**GROUND ON WHICH THE JURISDICTION OF THIS COURT IS INVOKED.**

The grounds on which the jurisdiction of this Court is invoked are:

1) This suit was instituted under U. S. Code, Title 15, Section 96 (R. 2, paragraph 3). Said section is reproduced herein at page 13.

2) U. S. Code, Title 15, Section 98, reproduced herein at page 14, provides for granting of writs of certiorari by this Court for review of such suits, in the same manner as provided by U. S. Code, Title 28, Section 347, reproduced herein at page 14.

The date of the judgment sought to be reviewed is May 13, 1940 (R. 108).

The judgment was rendered in a suit in equity brought under the Trade-Mark Statutes alleging infringement of a trade-mark registered in the United States Patent Office (U. S. Code, Title 15, Section 96). R. 2, paragraph 3.

Jurisdiction of said Circuit Court of Appeals existed because the decree below granted an injunction. R. 7-8, Section 3; U. S. Code, Title 28, Section 227, reproduced herein at page 14.

Said judgment of the Circuit Court of Appeals was such as to bring the case within the jurisdictional provisions relied upon, particularly U. S. Code, Title 28, Section 347, reproduced herein at page 14.

Cases sustaining jurisdiction are:

Hanover Star Milling Company v. Metcalf, 240 U. S. 403.

United Drug Co. v. Theodore Rectanus Co., 248 U. S. 90.

Prestonettes, Inc. v. Coty, 264 U. S. 359.

## STATEMENT OF THE CASE.

The facts are sufficiently stated in the petition.

## STATUTES INVOLVED.

The statute under which this suit was filed is U. S. Code, Title 15, Section 96, of which the pertinent portion is as follows:

“Any person who shall, without the consent of the owner thereof, **reproduce, counterfeit, copy, or colorably imitate\*** any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation in commerce among the several States, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof;”

The jurisdiction of the District Court was based on U. S. Code, Title 15, Section 97, which reads as follows:

“The district and territorial courts of the United States and the district court of the United States for the District of Columbia shall have original jurisdiction, and the circuit courts of appeal, of the United States and the United States Court of Appeals for the District of Columbia shall have appellate jurisdiction of all suits at law or in equity respecting

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\*In quotations throughout this brief, emphasis is ours unless otherwise noted.

trade-marks registered in accordance with the provisions of this subdivision of this chapter, arising thereunder, without regard to the amount in controversy.”

The jurisdiction of this Court is based upon U. S. Code, Title 15, Section 98, which reads as follows:

“Writs of certiorari may be granted by the Supreme Court of the United States for the review of cases arising under this subdivision of this chapter in the same manner as provided by section 347 of Title 28, Judicial Code and Judiciary.”

Said Title 28, Section 347, reads as follows:

“(a) In any case, civil or criminal, in a circuit court of appeals, or in the Court of Appeals of the District of Columbia, it shall be competent for the Supreme Court of the United States, upon the petition of any party thereto, whether Government or other litigant, to require by certiorari, either before or after a judgment or decree by such lower court, that the cause be certified to the Supreme Court for determination by it with the same power and authority, and with like effect, as if the cause had been brought there by unrestricted writ of error or appeal. \* \* \*”

The jurisdiction of the Circuit Court of Appeals was based upon U. S. Code, Title 28, Section 227, which reads as follows:

“Where, upon a hearing in a district court, or by a judge thereof in vacation, an injunction is granted,”  
\* \* \* “by an interlocutory order or decree,” \* \* \*  
“an appeal may be taken from such interlocutory order or decree to the circuit court of appeals; and sections 346 and 347 of this title shall apply to such cases in the circuit courts of appeals as to other cases therein.”

Said Section 347 has already been quoted above.

### SPECIFICATION OF ERRORS.

The errors which petitioner will urge if the writ of certiorari is allowed are as follows:

1. The Court of Appeals for the Eighth Circuit erred in holding that confusion in trade was immaterial and that trade-mark infringement does not require that the goods sold by petitioner shall be confused in the minds of purchasers with the goods of respondent or that there is likelihood of such confusion.

2. The Court of Appeals for the Eighth Circuit erred in holding in effect that respondent was entitled to a monopoly of the word **REX** and all words similar thereto for all goods whatsoever which may be sold in bottles, although respondent has applied its mark only to bottles per se.

3. The Court of Appeals for the Eighth Circuit erred in holding that the right by petitioner to sell to **Rexall Stores** would necessarily include the right to sell **The Rexall Store** prescription bottles to others.

4. The Court of Appeals for the Eighth Circuit erred in holding that petitioner uses its trade-mark **The Rexall Store** as a trade-mark for prescription bottles per se and that the purchasers thereof, namely, **Rexall Stores**, would so understand it.

5. The Court of Appeals for the Eighth Circuit erred in holding that petitioner has infringed respondent's trade-mark although there were no sales of petitioner's products as respondent's products and in fact the only purchasers of petitioner's products clearly understood that they were getting bottles from petitioner, and not from respondent.

6. The Court of Appeals for the Eighth Circuit erred in holding that there is likelihood of confusion in the minds of purchasers between the prescription bottles sold by respondent and those sold by petitioner, the latter bearing the petitioner's trade-mark "**The Rexall Store**" and being admittedly sold **only** to **Rexall Stores**.

7. The Court of Appeals for the Eighth Circuit erred in failing to reverse the decree of the District Court.

8. The Court of Appeals for the Eighth Circuit erred in not dismissing the bill of complaint for want of equity.



## **SUMMARY OF ARGUMENT.**

The points of the argument herein below follow the reasons relied upon for the allowance of the writ, as outlined in pages 7 and 8 of the annexed petition, and are briefly:

### **Argument Point 1:**

Registration of a trade-mark in the United States Patent Office confers no substantive rights upon the registrant.

### **Argument Point 2:**

The essential factor in all instances of trade-mark infringement and other unfair competition is the sale of goods by a defendant by making the public believe that they are obtaining goods of the plaintiff.

### **Argument Point 3:**

The petitioner in this proceeding has not sold his goods as being goods of the respondent. Such sales are limited strictly to **Rexall Stores**, as indeed they must be, and both the proprietors of such stores and the purchasing public who have prescriptions filled there clearly understand that the prescription bottles are marked **The Rexall Store** to show that the prescription came from a **Rexall Store**. That this is true has been admitted by the Vice-President of respondent.

### **Argument Point 4:**

The decision of this Court in the Hanover case is the law, and has in fact been consistently followed and applied in similar cases.

### **ARGUMENT OF POINT 1:**

#### **Registration Confers No Substantive Rights.**

It is fundamental to notice at the outset that the language of the statutes quoted hereinabove has been interpreted by this Court as conferring no substantive rights upon one who registers his trade-mark in the United States Patent Office under the applicable provisions of Federal Law. This is true because as was pointed out by Mr. Justice Sutherland in *American Steel Foundries v. Robertson*, 269 U. S. 372, 381, 46 S. Ct. 160, 162, Congress "has been given no power to legislate upon the substantive law of trade-marks". This was reiterated by Mr. Chief Justice Hughes in *American Trading Co. v. H. E. Heacock Co.*, 285 U. S. 247, 256, 52 S. Ct. 387, 389, saying "the Congress, by virtue of the commerce clause, has no power to legislate upon the substantive law of trade-marks" citing *Trade-Mark Cases*, 100 U. S. 82, 25 L. Ed. 550, *United Drug Co. v. Rectanus Co.*, 248 U. S. 90, 98; 39 S. Ct. 48; 63 L. Ed. 141; and *American Foundries v. Robertson*, supra.

Accordingly, the principles which govern actions for trade-mark infringement and for unfair competition at common law are applicable to the present situation, even though respondent has registered its trade-mark in the United States Patent Office.

### **ARGUMENT OF POINT 2:**

#### **There Is No Infringement in the Absence of Confusion.**

The essential factor in all suits for trade-mark infringement and for unfair competition cases without trade-mark infringement is the sale of goods by a defendant by making the purchasers believe that they are obtaining goods from the plaintiff. This fundamental principle established by this Court in the *Hanover* case, and subsequently reiterated whenever the point was again pre-

sented, was completely ignored by the Court of Appeals for the Eighth Circuit.

Mr. Justice Pitney in the Hanover case above referred to, enunciated the doctrine in the following terms (240 U. S. 403, 412):

“The redress that is accorded in trade-mark cases is based upon the party’s right to be protected in the good will of a trade or business. The primary and proper function of a trademark is to identify the origin or ownership of the article to which it is affixed. Where a party has been in the habit of labeling his goods with a distinctive mark, so that purchasers recognize goods thus marked as being of his production, others are debarred from applying the same mark to goods of the same description, because to do so **would in effect represent their goods to be of his production** and would tend to deprive him of the profit he might make through the sale of the goods which the purchaser intended to buy. Courts afford redress or relief upon the ground that a party has a valuable interest in the good will of his trade or business, and in the trademarks adopted to maintain and extend it. **The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another.**

Delaware & H. Canal Co. v. Clark, 13 Wall. 311, 322, 20 L. ed. 581, 583;

McLean v. Fleming, 96 U. S. 245, 251, 24 L. ed. 828, 830;

Amoskeag Mfg. Co. v. Trainer, 101 U. S. 51, 53, 25 L. ed. 993, 994;

Menendez v. Holt, 128 U. S. 514, 520, 32 L. ed. 526, 527, 9 Sup. Ct. Rep. 143;

Lawrence Mfg. Co. v. Tennessee Mfg. Co., 138 U. S. 537, 546, 34 L. ed. 997, 1003, 11 Sup. Ct. Rep. 396.

“This essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied

with trademark infringement. In fact, the common law of trademarks is but a part of the broader law of unfair competition.

- Elgin Nat. Watch Co. v. Illinois Watch Case Co.  
179 U. S. 665, 674, 45 L. ed. 365, 379, 21 Sup.  
Ct. Rep. 270;  
G. & C. Merriam Co. v. Saalfeld, 117 C. C. A. 245,  
198 Fed. 369, 372;  
Cohen v. Nagle, 190 Mass. 4, 8, 15, 2 L. R. A.  
(N. S.) 964, 76 N. E. 276, 5 Ann. Cas. 553,  
555, 558.

. . . . .

“In short, the trademark is treated as **merely a protection for the good will**, and not the subject of property except in connection with an existing business. The same rule prevails generally in this country, and is recognized in the decisions of this court already cited. See also *Apollinaris Co. v. Scherer*, 23 Blatchf. 459, 27 Fed. 18, 20; *Levy v. Waitt*, 25 L. R. A. 190, 10 C. C. A. 227, 21 U. S. App. 394, 61 Fed. 1008, 1011; *MacMahan Pharmacal Co. v. Denver Chemical Mfg. Co.* 51 C. C. A. 302, 113 Fed. 468, 471, 475; *Congress & E. Spring Co. v. High Rock Congress Spring Co.*, 57 Barb. 526, 551; *Weston v. Ketcham*, 51 How. Pr. 455, 456; *Candee v. Deere*, 54 Ill. 439, 457; *Avery v. Meikle*, 81 Ky. 73, 86.”

In *United Drug Co. v. Theodore Rectanus Co.*, 248 U. S. 90; 39 S. Ct. 48, this Court was confronted with an analogous situation. In that decision, Mr. Justice Pitney again spoke for the Court and reiterated the doctrine in the following terms (248 U. S. 90, 97):

“The asserted doctrine is based upon the fundamental error of supposing that a trade-mark right is a

**right in gross or at large**, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. *Canal Co. v. Clark*, 13 Wall. 311, 322, 20 L. Ed. 581; *McLean v. Fleming*, 96 U. S. 245, 254, 24 L. Ed. 828. There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. **The law of trade-marks is but a part of the broader law of unfair competition**; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will **against the sale of another's product as his**; and it is not the subject of property except in connection with an existing business. *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 412-414, 36 Sup. Ct. 357, 60 L. Ed. 713.

**"The owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly.** See *United States v. Bell Telephone Co.*, 167 U. S. 224, 250, 17 Sup. Ct. 809, 42 L. Ed. 144; *Bement v. National Harrow Co.*, 186 U. S. 70, 90, 22 Sup. Ct. 747, 46 L. Ed. 1058; *Paper Bag Patent Case*, 210 U. S. 405, 424, 28 Sup. Ct. 748, 52 L. Ed. 1122.

**"In truth, a trade-mark confers no monopoly whatever in a proper sense**, but is merely a convenient means for facilitating the protection of one's good-will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold."

Again in the case of *Prestonettes, Inc., v. Coty*, 264 U. S. 359; 44 S. Ct. 350, this Court was again called upon to pass upon the same point. Mr. Justice Holmes expressed it in the following manner (264 U. S. 359, 368):

**"Then what new rights does the trade-mark confer? It does not confer a right to prohibit the use of the word or words. It is not a copyright. The argument**

drawn from the language of the Trade-Mark Act does not seem to us to need discussion. A trade-mark **only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his.** *United Drug Co. v. Theodore Rectanus Co.*, 248 U. S. 90, 97, 39 Sup. Ct. 48, 63 L. Ed. 141. There is nothing to the contrary in *A. Bourjois & Co. v. Katzel*, 260 U. S. 689, 43 Sup. Ct. 244, 67 L. Ed. 464, 26 A. L. R. 567. There the trade-mark protected indicated that the goods came from the plaintiff in the United States, although not made by it, and therefore could not be put upon other goods of the same make coming from abroad. **When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo.** *Canal Co. v. Clark*, 13 Wall. 311, 327, 20 L. Ed. 581."

### ARGUMENT OF POINT 3:

#### **In the Cause at Bar, Admittedly No Confusion Exists.**

The record in this case may be searched from one end to the other without discovering even the vestige of any proof that any purchaser bought petitioner's goods believing them to be respondent's or that there is any likelihood of such purchases. This essential factor required in the decisions of this Court above referred to (*Hanover Star Milling Co. v. Metcalf*, *United Drug Co. v. Rectanus* and *Prestonettes, Inc. v. Coty*) is totally absent from the record in this case.

As has been pointed out above, petitioner is a manufacturing organization engaged principally in making products for sale by Rexall Drug Stores. These retail drug stores are of two types: namely, those owned and operated by subsidiary corporations of defendant which make up a relatively small portion of the total and those not owned by defendant but with which defendant maintains contractual relations. These latter far out-

number the stores owned by subsidiaries. Both categories of stores are individually and collectively designated and advertised as "**The Rexall Stores.**" These **Rexall Stores** are now located in all forty-eight states of the United States, in the District of Columbia, in the British Isles, in Canada, in Newfoundland, Bermuda, Panama, Cuba, Porto Rico, Haiti, Dutch West Indies, India, Egypt, the Union of South Africa, Dominican Republic, Hawaii and the Canal Zone. R. 13, paragraphs 18-19.

Petitioner has registered its trade-marks **Rex, Rexall** and **The Rexall Store**, employed by it and its retail associates, many times in the United States Patent Office for various drug store merchandise. These trade-mark registrations appear in the record (pp. 19-87). For many years, as recited at R. 89, fol. 61, petitioner had been using the trade-marks **Rex, Rexall** and **The Rexall Store** in the sale of drug store merchandise. Petitioner has the sole right to use **Rexall** as a trade-mark in the drug store merchandise field.

As has been pointed out above, it has been decided by this Court that one of the essential requisites for a suit to recover for trade-mark infringement is proof of the likelihood that the public will confuse the defendant's product with the plaintiff's. However, the present record presents no evidence whatever of any such confusion in the mind of the public. On the contrary, it is clear from the present record that the purchasers of petitioner's product know very well from what source they are obtaining it. **They know that they are buying prescription bottles from petitioner and not from respondent.**

The marking "**The Rexall Store**" is simply a convenience to these purchasers (**Rexall Store** proprietors) in designating to the public that the **contents** of the bottles came from a **Rexall Store**. Respondent's vice-president admitted the truth of this. R. 93, paragraph 34.

It is not clear what group of purchasers the respondent contends is confused by petitioner's sales of bottles imprinted "**The Rexall Store.**" The sales of empty bottles are strictly limited to proprietors of **Rexall Stores**. Since the respondent does not see fit to enlighten us on this point, it is necessary to discuss both groups of purchasers, namely, the purchaser of a bottled prescription at retail and the proprietor of a **Rexall Store**.

Taking first the retail purchaser of prescriptions, it is inconceivable that he will be deceived in the purchase of prescription bottles marked **The Rexall Store**, because he is not buying a prescription bottle as such. He is buying a prescription. Since it is liquid, the contents are delivered to him in a bottle. He is not interested in the origin of that bottle any more than he is interested in the origin of the paper label on the front or of the stopper. Moreover, he obtained the prescription at a **Rexall Store**. The words "**The Rexall Store**" appearing on the back of the bottle therefore mean to him only that the contents thereof were obtained, as in fact they were, from a **Rexall Store**.

Likewise, it is submitted that it is obvious from the present record that the only other kind of purchaser, namely, the proprietor of a **Rexall Store**, would be in no way confused as to the source of the bottles which he was purchasing. Petitioner, as was stated above, limits its sale strictly to **Rexall Stores**. The purchaser of these bottles is therefore the operator of a **Rexall Store**. He is of course familiar with the trade-marks under which he sells the goods supplied by petitioner. The only logical conclusion, therefore, is that the Rexall druggist will regard the words "**The Rexall Store**" on petitioner's bottles as a convenience signifying **only** that the bottles are to be used by **Rexall Stores** in dispensing prescriptions. He inevitably regards this phrase appearing upon the back of the bottle as advertising his own drug (not bottle) business.



Not only is there no evidence in the record that there is likelihood of confusion in the minds of purchasers as to the origin of petitioner's goods, but respondent's Vice-President, Nester, specifically admitted that there is no such likelihood. Upon cross-examination Nester stated that the words "**The Rexall Store**" appearing on the back of petitioner's bottles mean that the bottle is to contain something sold by a **Rexall Store**. R. 93, paragraph 34.

In order to surmount this deficiency in the record as to the existence of any confusion, the Court of Appeals for the Eighth Circuit stated in its opinion:

"It is said that there cannot be confusion because there are only two groups of purchasers of defendant's prescription bottles. They are the operators of Rexall drug stores and the purchasers of prescriptions. The fallacy of this contention is that if defendant has a right to sell to Rexall drug stores it also has a right to sell to all other drug stores." R. 112, lines 11-5 from bottom.

The fallacy in this last-quoted portion of the Court's opinion is at once apparent. **Petitioner has never sold to any one other than proprietors of Rexall Drug Stores.** It is only such sales by the respondent that are at issue in this suit. **Petitioner has never threatened to sell to drug stores other than Rexall Stores** and indeed from the foregoing it is apparent that it would be fatal to petitioner's business to do so.

It is clear from this record that petitioner has no intention of selling them to others, since to do so would destroy or at least seriously impair the value of petitioner's trade-marks **Rex, Rexall** and **The Rexall Store** used on drug store merchandise.

Ignoring as it does, the essential requirement laid down

by this Court in *Hanover Star Milling Company v. Metcalf* and reiterated in *United Drug Co. v. Theodore Rectanus Co.* and *Prestonettes, Inc. v. Coty*, the decision of the Court of Appeals for the Eighth Circuit is clearly erroneous and in conflict with the authoritative decisions of this Court and should for that reason be reviewed and reversed by this Court.

#### **ARGUMENT OF POINT 4:**

##### **This Court's Hanover Decision Is the Law, and Requires Confusion as a Prerequisite to Infringement.**

The decision of this Court in the *Hanover* case is the law and has in fact been consistently followed and applied in similar cases.

No decision of this Court subsequent to the *Hanover* case, and no statute subsequent to that case, has altered or impaired the law so clearly set forth by this Court in the *Hanover* case, namely, that the right of an American citizen, whether individual or corporate, to engage in lawful business will not be abridged or enjoined merely on a speculative theory of possible future acts; but that such an injunction can be premised only on clear proof that the acts complained of are a trespass and a source of actual confusion to the public. Lacking such evidence, the complaint must needs be dismissed.

This Court in the *Rectanus* and *Coty* cases has reiterated the above salutary law.

We will not lengthen this brief by citation of the many decisions of inferior courts which have adopted the above law of the land.

#### **CONCLUSION.**

In conclusion it is respectfully submitted that the decision and judgment of the Court of Appeals for the Eighth Circuit should be reviewed (and reversed) by this Court,

and to that end, a writ of certiorari should be granted by this Court; for the reason that said decision and judgment of the Circuit Court of Appeals for the Eighth Circuit is in direct conflict with the decisions of this Court on the precise point of law involved in *Hanover Star Milling Company v. Metcalf*, 240 U. S. 403, *United Drug Co. v. Rectanus*, 248 U. S. 90 and *Prestonettes, Inc., v. Coty*, 264 U. S. 359.

Respectfully submitted,

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Counsel for Petitioner.



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CHARLES FLORE COBLE  
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IN THE  
**SUPREME COURT OF THE UNITED STATES.**

OCTOBER TERM, 1940.

UNITED DRUG COMPANY,  
Defendant-Petitioner,

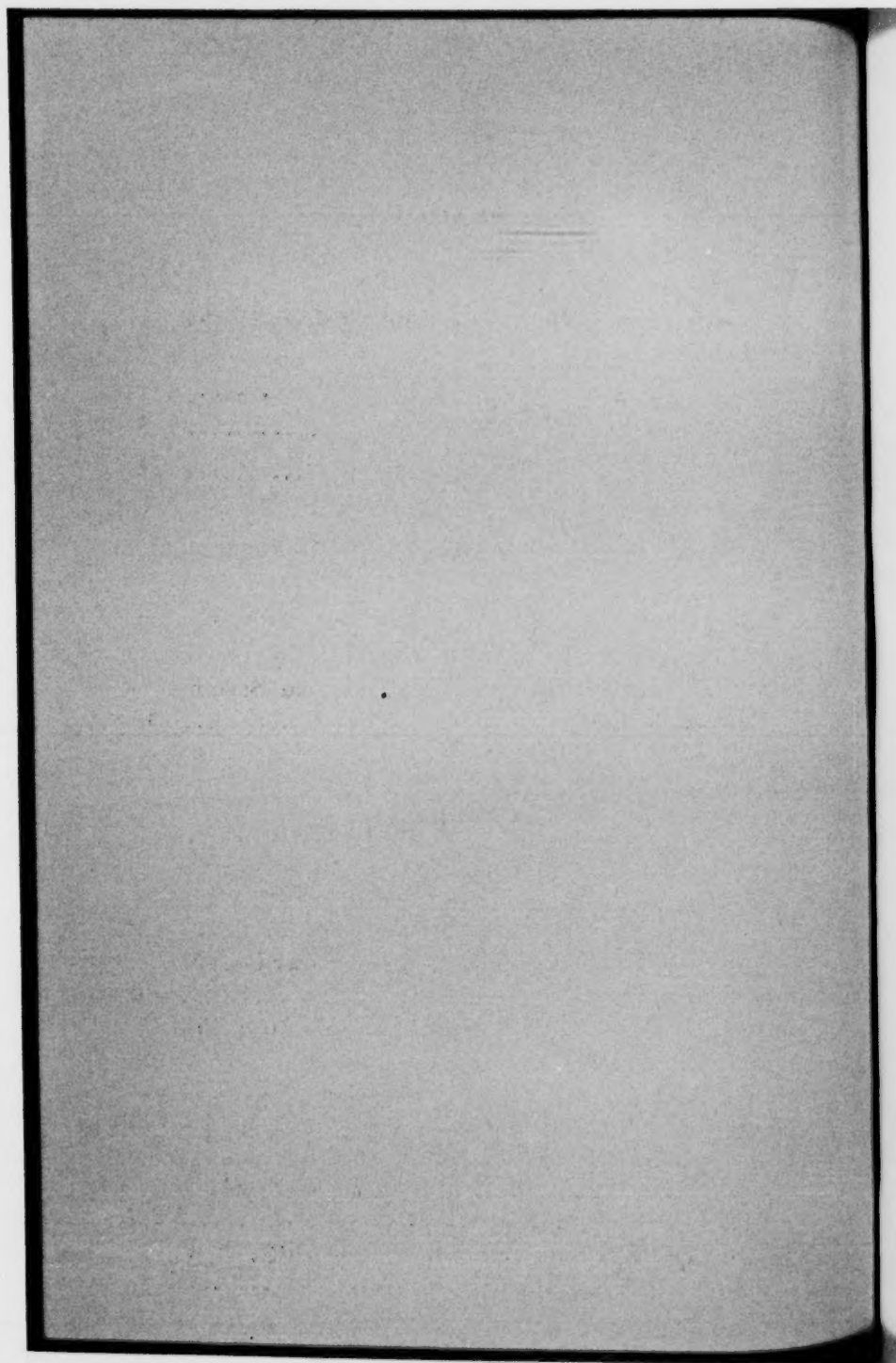
v.

OBEAR-NESTER GLASS COMPANY,  
Plaintiff-Respondent.

No. 174.

**BRIEF IN OPPOSITION TO PETITION FOR  
WRIT OF CERTIORARI.**

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IN THE  
**SUPREME COURT OF THE UNITED STATES.**

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OCTOBER TERM, 1940.

---

UNITED DRUG COMPANY, Defendant-Petitioner,	}	No. 174.
v.		
OBEAR-NESTER GLASS COMPANY, Plaintiff-Respondent.		

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**BRIEF IN OPPOSITION TO PETITION FOR  
WRIT OF CERTIORARI.**

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**MANIFESTLY THERE IS NO GROUND HERE  
FOR GRANTING THE PETITION.**

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This is a simple case of infringement of a registered technical trade-mark admittedly owned by the respondent. There are no conflicting decisions between Circuit Courts of Appeal. No public or unusual question is involved.

Actually, the *sole* ground set forth in the petition to support the request for a writ of certiorari is that the Circuit Court of Appeals for the Eighth Circuit held the petitioner an infringer *without proof in the record of actual confusion, or of likelihood of confusion*, in the sale of the products of the parties bearing their respective trademarks (Pet. pp. 2, 4).

The Circuit Court of Appeals for the Eighth Circuit, in concluding its unanimous affirming opinion, said (R. 113):

*“An examination of the record is convincing that the court did not err in finding infringement. The similarity of appearance of the two marks, of the spelling, of the sound, and the fact that the marks are used on the same kind of merchandise, all justify the inference that purchasers are likely to be deceived by defendant’s mark.”* (Emphasis added.)

Hence, the Circuit Court of Appeals, *by its own words*, based its conclusion of likelihood of deception or confusion *upon the evidence in the record*.

Manifestly, we have here in the petitioner merely a dissatisfied litigant who is asking this Court to rule upon a *question of fact*; who is asking this Court to hold that the record does not contain evidence of likelihood of confusion. The petitioner attempts to conceal its request for this fact ruling by repeatedly referring to a violation of a fundamental principle of law established in specified decisions of this Court. No mantle was ever thinner or more revealing.

Upon its face, therefore, the petition is clearly without even a vestige of merit, and should, we submit, be denied.

**General Statement.**

We submit that the foregoing succinct consideration effectively shows that the petition contains no ground for

granting a writ of certiorari. However, we present below a brief statement of the case and a simple analysis of the petitioner's arguments, together with affirmative law to further show the untenableness of the petitioner's position.

The respondent instituted this suit under 15 U. S. Code 96, for infringement by the petitioner of its registered trade-mark REX. The infringement is based on sales by the petitioner in the Eastern District of Missouri, Eastern Division, of prescription bottles imprinted with the mark "The REXALL Store," sales which the petitioner admits (R. 89, ¶22). The suit is, therefore, one for technical trade-mark infringement, and not one for unfair competition (R. 2, ¶13).

The respondent is the owner of the trade-mark REX, which was registered in the United States Patent Office by trade-mark certificate of registration No. 231,759 bearing the date August 23, 1927 (R. 2, 3). The respondent has used its trade-mark REX on prescription bottles from January 2, 1896, continuously to date; has also applied the mark to nursing bottles, dropper bottles, citrate of magnesia bottles, utility bottles, toilet bottles and pockiteer flasks from a number of years prior to the filing of the bill of complaint to date; and applied it to liquor bottles prior to 1919 (R. 10, ¶10).

The respondent's business in bottles bearing its trade-mark REX has been substantial and of national distribution from long prior to the first use by the petitioner of the accused REXALL trade-mark to date (R. 10, ¶12; Pltf.'s Ex. 19).

The petitioner first applied the accused mark to prescription bottles in 1931, at which time it knew of the application of the trade-mark REX to prescription bottles by the respondent, having been informed of this fact at least as early as 1927 through correspondence with the respondent (R. 10, ¶13; Pltf.'s Ex. 10).

When the petitioner initiated its use of the REXALL mark on prescription bottles in 1931, it *also* knew that REXALL had been held confusingly similar to REX in 1904 by the Supreme Judicial Court of Massachusetts in *Regis v. Jaynes & Co.*, 185 Mass. 458, 70 N. E. 480, and that "Rex-A-Cold" had been held confusingly similar to "Rexall Cold Tablets" (the trade-mark per se being "Rexall") by the Patent Office in 1930, in *United Drug Co. v. The Rex-A-Cold Laboratories*, 7 USPQ 25, 156 MS. 495 (R. 11, ¶ 14).

The petitioner has registered its trade-mark "The REXALL Store" at least twelve times for a wide variety of articles, "The" and "Store" being disclaimed in each registration (R. 65-87). It also owns the trade-marks REX and REXALL for pharmaceutical or other articles for which certificates of registration have been obtained (R. 19-63). Not one of these many registrations, however, is for prescription bottles, or for any goods of the same descriptive properties as prescription bottles. Registration No. 104,357 of REXALL specifies nursing bottles, but the petitioner admits that REXALL has never been imprinted on nursing bottles (R. 89, ¶ 21).

### **Decisions of the Courts**

The District Court entered an interlocutory decree in favor of the respondent to the effect that the petitioner has infringed upon the respondent's registered trade-mark REX and the good will covered thereby through the use of the confusingly similar trade-mark "The REXALL Store" upon prescription bottles, perpetually enjoined the petitioner from such infringement, and allowed the recovery of profits, damages and costs (R. 7).

The Circuit Court of Appeals for the Eighth Circuit on May 13, 1940 handed down an opinion unanimously affirming the judgment of the District Court (R. 108).

## ARGUMENT.

### Analysis of the Petitioner's "Points."

The *first point* advanced by the petitioner is the contention that registration confers no substantive rights (Pet.'s Br. p. 18). We have neither contended that it does nor do we gainsay the point. We merely point out that the respondent has continuously used its registered trade-mark REX since 1896 to date upon glassware including prescription bottles (R. 10, ¶10), that it has, through the years, developed a valuable good will, and that it has transacted a substantial business in glassware bearing its trade-mark REX throughout these years (R. 10, ¶12).

The *second point* urged by the petitioner is that there can be no infringement where there has been no passing off of the goods of a defendant as the goods of the complaining party, in support of which it cites *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 60 L. ed. 713; *United Drug Co. v. Theodore Rectanus Co.*, 248 U. S. 90, 63 L. ed. 141, and *Prestonettes, Inc., v. Coty*, 264 U. S. 359, 68 L. ed. 731 (Pet.'s Br. p. 18 *et seq.*). The petitioner contends that this fundamental principle was established by this Court in these cases and was completely ignored by the Court of Appeals for the Eighth Circuit. This Court is quite familiar with these three decisions and is aware of the fact that they neither "establish" nor lay down as an inflexible rule that there can be no infringement of a registered trade-mark where there has been no passing off.

In the *Hanover* case and in the *Rectanus* case, both *supra*, this Court considered what is known as the territorial limitation doctrine. The *Prestonette* case, *supra*, involved the repacking of "Coty" perfumes and face powders and the use on the resulting packages of the statement that the contents were "Coty's" independently rebottled in New York by the defendant, Prestonette, Inc.

The petitioner asserts that the fundamental principle of passing off was *established* by this Court in the *Hanover* case (Pet.'s Br. p. 18). As a matter of fact, in the *Hanover* case this Court, in considering the territorial limitation doctrine in conjunction with the famous trade-mark "Tea Rose," merely referred to passing off as a *general principle* and cited five prior Supreme Court decisions as authority for its statements in regard thereto (pp. 412, 413).

In respect to the *Rectanus* case, the petitioner states that this Court there reiterated the passing off doctrine, and quotes at length from the decision (Pet.'s Br. p. 20). We respectfully point out that the quotation submitted by the petitioner relates to the use of the same trade-mark by two users in widely separated exclusive territories. The petitioner and the respondent certainly do business in the same territories, an admitted fact. Further, the respondent makes no claim to its trade-mark REX in gross, nor has it employed it in a copyright sense.

The petitioner then states that this Court again passed upon the same point in the *Prestonette* case, quoting from the same (Pet.'s Br. p. 21). As a matter of fact, the quoted matter relates to the use of the trade-mark "Coty" by the defendant there in a sentence describing the contents of repackaged "Coty" perfumes and powders.

Manifestly, therefore, the petitioner has endeavored to subvert the quoted expressions of this Court in the above decisions to substantiate a proposition which exists only in the mind of the petitioner. Incidentally, this "point" is purely hypothetical since the petition admits that substantiated likelihood of confusion satisfies the infringement requirement (Pet. p. 4).

The *third point* raised by the petitioner is that no actual confusion is shown to exist here (Pet.'s Br. p. 22 *et seq.*). The petitioner states (Br. p. 23):

“As has been pointed out above, it has been decided by this Court that one of the essential requisites for a suit to recover for trade-mark infringement is proof of the likelihood that the public will confuse the defendant's product with the plaintiff's.”

What, we ask, would the petitioner require as “proof” of the *likelihood of confusion* between two trade-marks? Certainly, to determine the *likelihood of confusion* between two marks used on the *same* goods, it is but necessary to consider the two marks. Both the Circuit Court of Appeals and the District Court duly considered the trade-marks here involved in the light of all of the evidence; both concluded that the likelihood of confusion was manifest; and both held that infringement exists. As we have pointed out above, the petitioner simply does not agree with this conclusion of the Circuit Court of Appeals for the Eighth Circuit and the District Court. This Court has, without exception, refused to grant a writ of certiorari where the sole ground has been, as it is here, merely the disagreement of the losing party with the decision of the Circuit Court of Appeals.

The *fourth point* advanced by the petitioner is that this Court, in its decision in the *Hanover* case, *supra*, laid down the law which has been consistently followed. If the petitioner were referring to the law actually established in the *Hanover* case, namely, the territorial limitation doctrine, then there would be some ground for its fourth point. We are not here, however, concerned with the territorial limitation doctrine. We have pointed out above that this Court in the *Hanover* case, *supra*, only mentioned passing off as a principle; the case did not “establish” it.

**Likelihood of or Probable Confusion Is Sufficient to Sustain Trade-Mark Infringement.**

It is well established in the law that likelihood of or probable confusion is sufficient to support trade-mark in-



fringement. The law recognizes that actual confusion is often impossible to prove, or practically impossible to prove as here, yet the mischief exists which the courts are wont to stop. Under the theory advanced by the petitioner, it would be necessary for a trade-mark owner to await actual confusion in trade before attacking the use of the same or similar mark by a newcomer. This is absurd on its face.

A few of the authorities supporting the above rule are:

*Kann et al. v. Diamond Steel Co. et al.*, 89 F. 706, 707, 710 (C. C. A. 8);  
*Ansehl v. Williams*, 267 F. 9, 15 (C. C. A. 8);  
*Gannert v. Rupert*, 127 F. 962, 964 (C. C. A. 2);  
*Consolidated Ice Co. v. Hygeia Distilled Water Co.*, 151 F. 10 (C. C. A. 3);  
*Ammon & Person v. Narragansett Dairy Co., Ltd.*, 252 F. 276, 279 (D. C., D. R. I.);  
*Gehl v. Hebe Co.*, 276 F. 271, 272 (C. C. A. 7);  
*Kraft-Phenix Cheese Corporation v. Goldfarb et al.*, 7 F. Supp. 199, 21 USPQ 541, 542 (D. C., S. D. Cal.).

In the *Gannert* case, *supra*, where "Home Comfort" was held to infringe "Home," the court said (p. 964):

"\* \* \* It is of no moment that the proof fails to show deception, confusion or injury to any marked extent. Such proof is unnecessary where infringement of a valid trade-mark is clearly established."

**Palming Off or Fraudulent Intent Is Not a Requisite of Trade-Mark Infringement.**

Certainly, the petitioner knows that palming off appertains to but one phase of unfair competition, and that it is not a requisite of trade-mark infringement.

*Moline Plow Co. v. Omaha Iron Store Co.*, 235 F. 519 (C. C. A. 8);



*Layton Pure Food Co. v. Church & Dwight Co.*,  
182 F. 24 (C. C. A. 8);

*Gannert v. Rupert*, 127 F. 962 (C. C. A. 2);

*Hecker H-O Co., Inc., v. Holland Food Corp.*, 36 F.  
(2d) 767 (C. C. A. 2);

*Hutchinson, Pierce & Co. v. Loewy*, 163 F. 42 (C.  
C. A. 2);

*Scandinavia Belting Co. v. Asbestos & Rubber Works  
of America, Inc.*, 257 F. 937 (C. C. A. 2).

In the *Hutchinson* case, *supra*, the court said (p. 42):

“There is no testimony showing that the defendant has passed off or intended to pass off his goods for the complainant’s, or that the defendant has made profits or the complainant sustained damage. Such an intention and such consequences are quite immaterial inasmuch as the cause proceeds solely upon the complainant’s ownership of its technical trade-mark. If the defendant infringes it, the injunction should issue regardless of his intention or of the consequence.”

This Court has specifically held that unfair competition may exist without the element of palming off, and that such unfair competition will be stopped by the courts.

In *International News Service v. Associated Press*, 248 U. S. 215, 39 S. Ct. 68, 63 L. ed. 211, this Court said (pp. 221, 222):

“It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition. \* \* \* But we cannot concede that the right to equitable relief is confined to that class of cases.”

**An Intent to Deceive Is Unnecessary to Sustain Trade-Mark Infringement.**

In trade-mark infringement proceedings, it is unnecessary to show that the defendant adopted the infringing mark with the intent to deceive. He is presumed to have accepted deception (and confusion) as an inevitable result when he adopted the infringing mark. Were the law otherwise, all infringers would be "innocent users" of the accused mark.

This Court and other courts have repeatedly so ruled on this question, a few of which decisions are:

- Emilie Saxlehner v. Siegel-Cooper Company*, 179 U. S. 42, 45 L. ed. 77;  
*Thaddeus Davids Co. v. Davids et al.*, 233 U. S. 461, 58 L. ed. 1046, 1051;  
*De Voe Snuff Co. v. Wolff*, 206 F. 420, 424 (C. C. A. 6);  
*Ammon & Person v. Narragansett Dairy Co., Ltd.*, 252 F. 276 (D. C., D. R. I.);  
*Hecker H-O Co., Inc., v. Holland Food Corp.*, 36 F. (2d) 767, 768 (C. C. A. 2);  
*O. & W. Thum Co. v. Dickinson*, 245 F. 609 (C. C. A. 6).

In the *Saxlehner* case, *supra*, this Court said (p. 77):

"In the case against the Siegel-Cooper Company there was no charge of an intentional fraud, and the court found there was no evidence of fraudulent conduct on its part, and dismissed the bill as to that company. \* \* \*

"We think that an injunction should issue against all these defendants (including Siegel-Cooper Co.) \* \* \*. The fact that the Siegel-Cooper Company acted innocently does not exonerate it from the charge of infringement."

CONCLUSION.

We reiterate that the present petition for writ of certiorari is totally without merit. Both the petition and the brief in support of it are conclusive that there is no question of law involved here, and that the only reason advanced to support the petition is the petitioner's dissatisfaction with the decision of the Circuit Court of Appeals for the Eighth Circuit on a question of fact.

We urge, therefore, that this case is not one in which a writ of certiorari should be granted.

Respectfully submitted,

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